Associate pay: 25 percent may be *wrong*

Selling your practice? Avoid these traps

DON'T MISS THE CENTRAL VETERINARY CONFERENCE SEE PAGE 101

SEPTEMBER 1992

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

ANNUAL EARNINGS REPORT

Where you are now. How to get where you want to be.

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MEMO FROM THE EDITOR

Who says you're average?

The average veterinarian is a solo practitioner who's been in practice 14.1 years. He (yes, he) counts 3,399 active clients in his practice, and he sees 74 of these pet owners each week. Dr. Average works 52.5 hours a week and takes home $59,600 a year. Most of his practice revenue comes from doctor-related services, but dispensed medications, over-the-counter products, pet foods, boarding, and grooming account for about 35 percent of the total.

I can be very specific about Dr. Average, because the facts and figures about him are sitting in a stack of computer print-outs on my desk. There's a great deal more about him in this issue, but before you give in to the desire to compare yourself to Dr. Average, keep in mind that although our annual financial survey paints a good picture of him, we've never met him in person. I suppose there may be those of you who meet his *exact* description, but more likely you'll differ—in age, in income, in gender, in hours, in *something*.

The point is, before you get upset because you're not doing as well as Dr. Average is—or elated because you're doing better—you've got to look beyond the numbers to your own situation. You've got to factor in your practice philosophy, your practice mission, and your personal goals. It's also a good idea to look at external factors. For example, Dr. Ross Clark, our practice management editor, recommends that in tandem with examining the survey findings, you take a close look at your city or area's consumer price index. A final tip: Read the articles that follow the earnings charts. Each is designed to help you reach *your* goals, no matter how you compare to Dr. Average.

Now, go ahead and let your curiosity run loose. Just remember to keep your analysis in check. The fun begins on page 31.

Becky Turner

Rebecca R. Turner

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ANNUAL EARNINGS REPORT

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COVER STORY
PART ONE

GROWTH RATE SLOWS, BUT EARNINGS INCH UPWARD

Veterinary income pushed forward in 1991, with large animal doctors reporting the greatest gains in personal compensation. Here's a detailed look at who made what last year.

Every year, we're as anxious as expectant parents as we await the results of our annual financial survey, which gathers nationwide data on veterinary earnings, fees, and expenses. The earnings statistics you're about to read are based on financial information provided by more than 1,000 of your colleagues from every region of the country, and they paint a picture of slow but steady growth for most practitioners in personal compensation, personal gross revenue, and gross practice revenue.

As you'll see, 1991 take-home pay rose 5.1 percent above 1990 figures, keeping the profession two percentage points ahead of last year's 3.1-percent inflation rate. (In 1990, veterinary compensation jumped 9.2 percent in the face of 6.1-percent inflation.) Large animal veterinarians made the greatest strides, and were, in fact, the only group to surpass the percentage gains made the previous year. (See the chart opposite.)

Other notable findings: Small animal doctors made the biggest gains in personal *gross* revenue and total *practice* revenue, while equine doctors took home the most in actual dollars. (See page 34 and page 44.) Veterinarians in New England reported the only *fall* in individual earnings, with individual gross revenues slipping 8.6 percent from 1990. (See page 35.)

This year's survey contains one major addition: statistical data on the primary sources of *practice* revenue. For example, the survey results show that in mixed animal practices, 60.6 percent of the practices' 1991 gross revenue came from doctor-related services, 21 percent from dispensed medications, and 7.5 percent from over-the-counter sales, excluding pet food. For a detailed breakdown on each practice type, see page 45.

If you'd like to see the earnings percentiles that you *and* your practice fall into, see pages 38 and 44. And as you study the rest of the figures, keep in mind that they are *averages*, and that the survey findings are meant to be a barometer of the veterinary profession—not a commentary on your particular practice situation.

The source

VETERINARY ECONOMICS' financial survey is conducted by Signet Research Inc., an independent New Jersey company touted as "a shining leader in the marketing research business." To conduct the survey, Signet used VETERINARY ECONOMICS' subscriber lists to mail 2,500 questionnaires to an nth-name selection of veterinarians of every practice type, and in every region of the country.

From a net effective mailing to 2,362 practitioners, Signet received 1,100 responses, for a 47-percent response rate. The VETERINARY ECONOMICS survey conforms to generally accepted standards of professional research practice for mail surveys, and the results are accurate within ±3 percent at a 95-percent confidence level.

After studying the charts in this report, you'll know where you and your practice stand. The next step is to read the other articles in the cover package, each of which is designed to help you reach a *higher* level of revenue in the future. And as you contemplate your own compensation and that of your practice, also take a look at Dr. Ross Clark's article on paying associates (page 64).

Next month, we'll take a look at veterinary fees; in November, we'll report on expenses. And now, we'd like to thank all who responded to the survey. You make this nationwide report possible. ▶

PERSONAL COMPENSATION ON THE RISE

All figures are 1991 means (averages).
Base: full-time practicing veterinarians.
Note: In 1991, the inflation rate was 3.1 percent; in 1990, it was 6.1 percent.

Q What do you mean by "personal compensation"?

A The veterinarians who answered this year's survey were asked to provide their personal 1991 compensation from the practice, before taxes were withheld and excluding any profits reinvested in the practice.

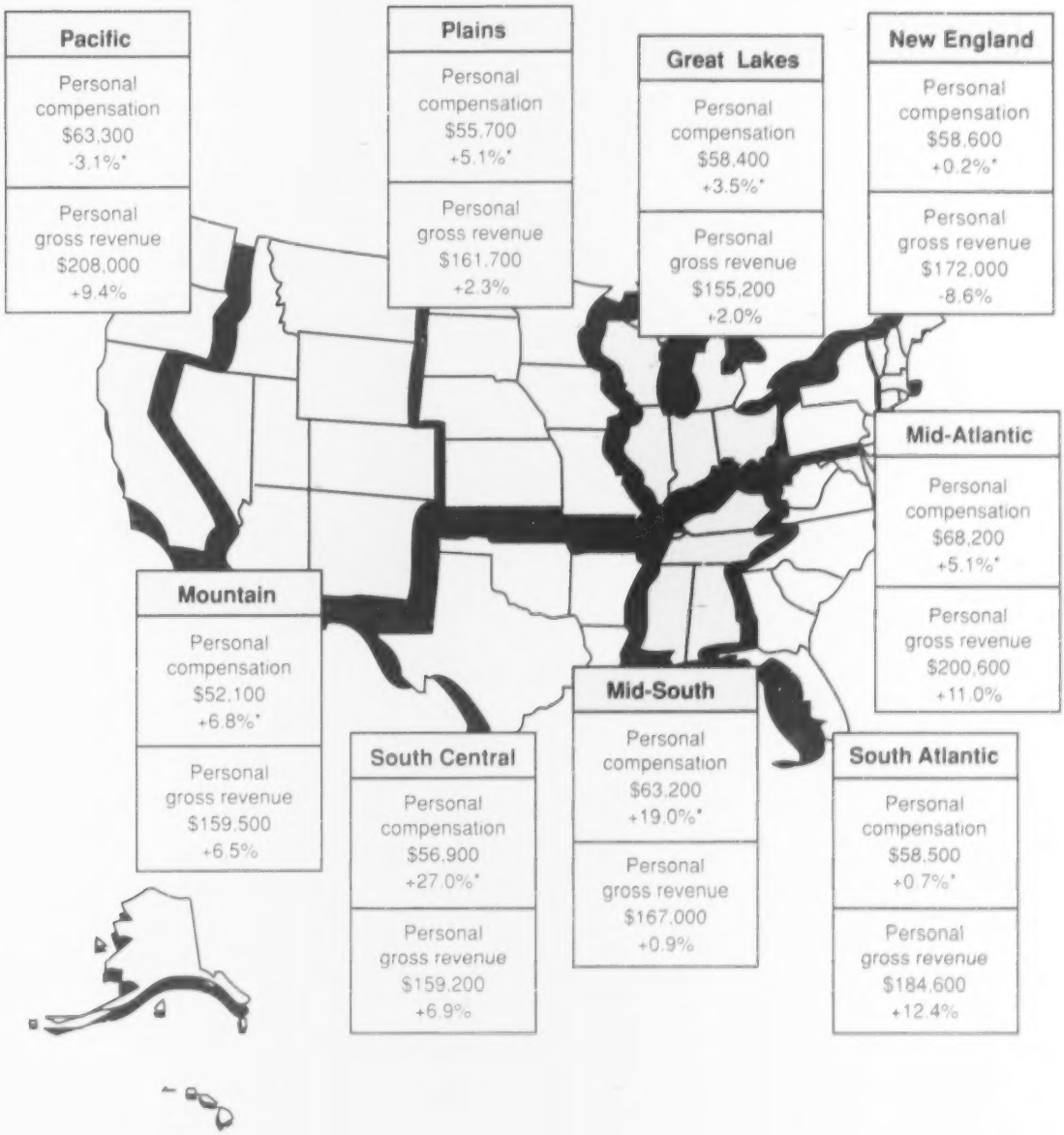
DOCTORS SEE GAINS IN PERSONAL GROSS REVENUE

Q *What does "personal gross revenue" mean in the context of this survey?*

A Personal gross revenue figures represent gross revenue produced for the practice by individual, full-time practitioners.

*Percent change 1989 to 1990 not available.
All figures are 1991 means (averages).
Base: full-time practicing veterinarians.

A REGIONAL LOOK AT COMPENSATION AND REVENUE



*Percent change, 1990 to 1991

All figures are 1991 means (averages)

Base: full-time practicing veterinarians

Compensation figures represent the take-home pay of full-time practitioners, before personal taxes are withheld and excluding profits reinvested in the practice

Personal gross revenue figures represent gross revenue produced for the practice by individual, full-time practitioners

WHERE DO YOU STAND IN COMPENSATION?

Small animal

Personal compensation	Percent of DVMs
$125,000 or more	6.5%
$100,000-$124,999	10.6%
$80,000-$99,999	6.0%
$70,000-$99,999	9.1%
$60,000-$69,999	10.7%
$50,000-$59,999	8.5%
$40,000-$49,999	14.8%
$30,000-$39,999	17.2%
$20,000-$29,999	9.6%
$15,000-$19,999	2.6%
Less than $15,000	4.4%

Mixed animal

Personal compensation	Percent of DVMs
$125,000 or more	1.7%
$100,000-$124,999	2.8%
$80,000-$99,999	10.4%
$70,000-$79,999	7.5%
$60,000-$69,999	6.8%
$50,000-$59,999	11.6%
$40,000-$49,999	16.0%
$30,000-$39,999	20.5%
$20,000-$29,999	14.2%
$15,000-$19,999	2.5%
Less than $15,000	6.0%

Large animal

Personal compensation	Percent of DVMs
$125,000 or more	8.3%
$100,000-$124,999	6.0%
$80,000-$99,999	7.6%
$70,000-$79,999	9.8%
$60,000-$69,999	9.6%
$50,000-$59,999	8.7%
$40,000-$49,999	13.3%
$30,000-$39,999	15.9%
$20,000-$29,999	9.7%
$15,000-$19,999	5.1%
Less than $15,000	6.1%

Equine

Personal compensation	Percent of DVMs
$125,000 or more	12.4%
$100,000-$124,999	4.9%
$80,000-$99,999	5.6%
$70,000-$79,999	3.7%
$60,000-$69,999	11.0%
$50,000-$59,999	12.0%
$40,000-$49,999	9.3%
$30,000-$39,999	21.0%
$20,000-$29,999	8.9%
$15,000-$19,999	4.8%
Less than $15,000	6.4%

All figures are 1991 means (averages).
Base: full-time practicing veterinarians.
Compensation figures represent the take-home pay of full-time practitioners, before personal taxes are withheld and excluding profits reinvested in the practice.

PARTNERS EARN THE MOST

Business status	Personal compensation	% change 1990 to 1991	Personal gross revenue	% change 1990 to 1991
Partner in multidoctor practice	$75,700	+ 5.9%	$180,200	+ 3.2%
Solo practitioner	$61,900	+ 2.0%	$178,200	+ 3.1%
Employee DVM (non-owner)	$38,100	+ 3.5%	$164,300	+ 14.1%

NEW DOCTORS MAKE BIG GAINS

Years in practice	Personal compensation	Percent change 1990 to 1991	Personal gross revenue	Percent change 1990 to 1991
Less than 2	$33,800	+ 8.3%	$136,500	+ 21.1%
3–5	$36,900	+ 3.4%	$162,000	+ 11.4%
6–10	$51,900	+ 5.1%	$170,100	+ 3.0%
11–20	$71,300	+ 6.4%	$194,700	+ 6.2%
21 or more	$72,500	+ 0.8%	$176,200	+ 1.7%

DO LONG HOURS PAY?

Hours in workweek	Personal compensation*	% change 1990 to 1991	Personal gross revenue*	% change 1990 to 1991
31–40	$53,100	– 1.7%	$152,400	– 6.0%
41–50	$54,400	+ 8.4%	$169,000	+ 16.9%
51–60	$64,900	+ 13.7%	$182,300	+ 6.4%
61–70	$57,200	– 5.6%	$175,600	– 8.6%
71 or more	$70,500	– 5.1%	$207,600	+ 5.7%

*Figures do not consider business status
All figures are 1991 means (averages)
Base: full-time practicing veterinarians
Compensation figures represent the take-home pay of full-time practitioners, before personal taxes are withheld and excluding profits reinvested in the practice
Personal gross revenue figures represent gross revenue produced for the practice by individual, full-time practitioners

ON AVERAGE . . .

	Male DVMs	Female DVMs	All DVMs	Small animal	Mixed animal	Large animal	Equine
Number of years in practice	16.0	7.0	14.1	13.5	14.5	16.4	14.1
Total client visits per week	75.8	69.4	74.0	80.0	72.5	51.7	66.0
Hours devoted to practice per week	53.3	49.6	52.5	49.3	57.1	57.4	59.1
Business status:							
Solo practitioner	56.9%	34.1%	51.8%	50.7%	50.3%	55.5%	65.9%
Partner	25.5	12.8	22.6	18.5	29.6	30.3	18.5
Employee	15.5	49.8	23.2	27.7	18.0	14.0	14.9
Other	2.0	3.3	2.4	3.0	2.1	0.2	0.6
Total number of partners in your practice	1.7	1.6	1.7	1.7	1.6	2.0	1.5
Total number of veterinarians in your practice	2.5	3.1	2.6	2.7	2.4	2.6	2.2
Personal gross revenue produced for the practice	$183,200	$146,700	$175,700	$192,000	$152,500	$146,600	$169,200
Personal compensation	$65,400	$39,300	$59,600	$62,700	$50,700	$61,300	$63,300

All figures are means (averages)
Base: full-time practicing veterinarians
Compensation figures represent the take-home pay of full-time practitioners, before personal taxes are withheld and excluding profits reinvested in the practice
Personal gross revenue figures represent gross revenue produced for the practice by individual, full-time practitioners

Q *Why the $26,100 discrepancy between men's and women's personal compensation?*

A We've heard several explanations from both women and men veterinarians. Some say it's because, on average, women have not been in practice as long; others cite discrimination. For a full comparison of the data, we need one more piece of information, which is not available from this year's survey: a comparison of earnings statistics by gender *and* by year of graduation.

We plan to build this information into next year's survey; for now, we rely on you and your colleagues to share your experiences and impressions. To further the discussion and perhaps help close the gap, write: VETERINARY ECONOMICS, 9073 Lenexa Dr., Lenexa KS 66215. ▶

PRACTICE REVENUE SLIPS AND SLIDES

Practice type	Practice revenue	% change 1990 to 1991	% change 1989 to 1990	Veterinarians per practice
All DVMs	$444,000	+ 2.5%	+ 19.0%	2.6
Small animal	$483,900	+ 4.4%	+ 17.2%	2.7
Mixed animal	$378,700	– 1.4%	+ 20.3%	2.4
Large animal	$413,400	– 3.9%	+ 22.4%	2.6
Equine	$340,100	– 11.6%	+ 17.3%	2.2

WHERE DOES YOUR PRACTICE STAND IN THE RANKINGS?

Practice revenue	Percent of practitioners
$750,000 or more	13.6%
$500,000–$749,999	17.0%
$300,000–$499,999	18.9%
$250,000–$299,999	9.8%
$200,000–$249,999	10.8%
$180,000–$199,999	4.3%
$160,000–$179,999	2.8%
$150,000–$159,999	1.6%
$130,000–$149,999	2.5%
$110,000–$129,999	5.0%
$90,000–$109,999	3.7%
$70,000–$89,999	2.7%
$60,000–$69,999	1.7%
$50,000—$59,999	1.9%
Less than $50,000	3.6%

All figures are 1991 means (averages)
Base: full-time practicing veterinarians

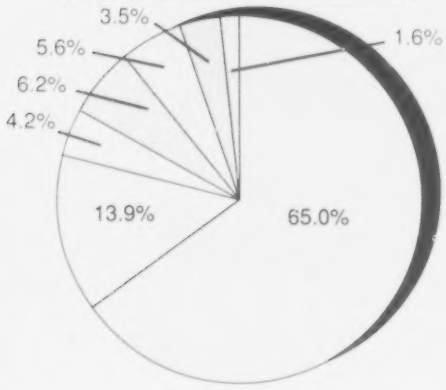
PRACTICE REVENUE VARIES BY REGION

New England	$503,700
Mid Atlantic	$476,200
South Atlantic	$458,500
Mid-South	$354,200
South Central	$349,500
Pacific	$510,000
Mountain	$368,200
Plains	$433,600
Great Lakes	$475,700

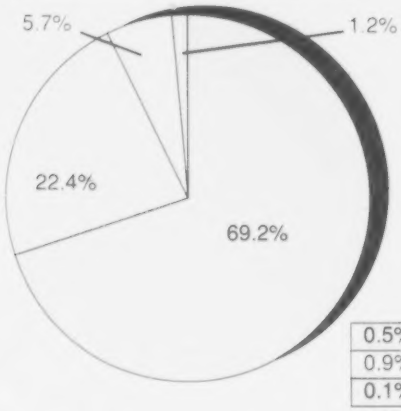
Practice revenue figures are based on the total gross revenue of each respondent's practice

HOW DOES YOUR PRACTICE GENERATE REVENUE?

Small animal

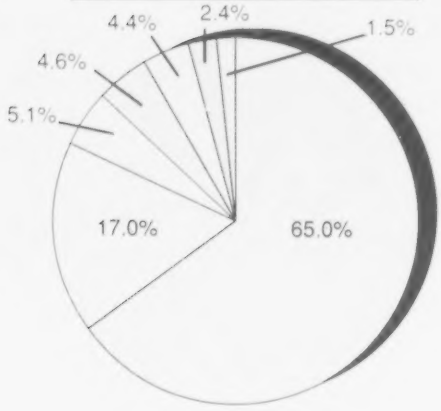


Large animal



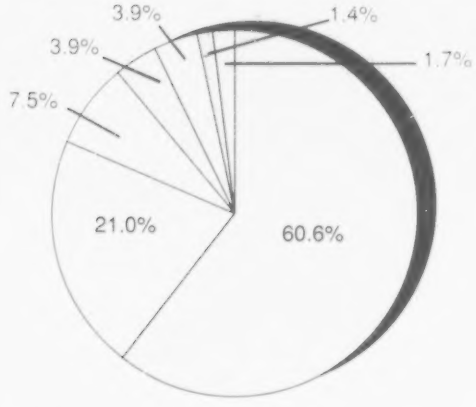
0.5%
0.9%
0.1%

All veterinarians

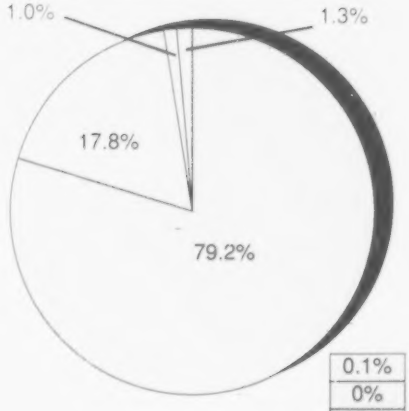


Doctor-related services
Dispensed medications
Over-the-counter sales*
Pet food
Boarding
Grooming
Other

Mixed animal



Equine



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*Excluding pet food
All figures are 1991 means (averages). Base: full-time practicing veterinarians

■